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UNITED STATES DEPARTMENT OF AGRICULTURE

AGRICULTURAL ADJUSTMENT ADMINISTRATION

The Ever-Normal Granary and Livestock Production

Remarks of HENRY A. WALLACE, Secretary of Agriculture, in the National Farm and Home Hour, Tuesday, February 2, 1937, at 1:00 P. M.

Today I wish to go a little more into detail concerning the "ever-normal granary" plan which was discussed last week on this program, and suggest how it may be developed to provide a more stabilized livestock production.

But first I want to discuss the ways in which our present AAA conservation program helps toward that same end.

You remember how, during the drought year of 1934, many farmers were forced to liquidate their livestock herds because there was not enough feed—either feed grains or pasture, hay, and roughages—to carry their animals over.

Such liquidation forces large supplies of undernourished, poor-quality cattle, sheep, and hogs onto livestock markets. Then a few months later consumers feel the effect of this liquidation when only meager supplies of livestock come to market.

The AAA conservation program now in operation has several provisions which tend to stabilize livestock production for the benefit of both consumer and producer. For instance, the increase in soil-conserving crops, such as pastures and hay, not only tends to maintain and conserve the fertility of the soil and prevent soil erosion, but it provides a more adequate supply of pasture and forage for livestock consumption in dry years. An acre of alfalfa or clover or grass is much better insurance against the ravages of the drought than an acre of corn. In time of drought, a field of alfalfa or grass provides at least a minimum of livestock feed, but a field of corn which has had no moisture and has been seared by hot winds contributes little or nothing toward either conservation or the supply of feed to stabilize livestock production.

That is why the farmers in the drought areas who had comparatively large acreages of pasture and forage crops in 1936 were in a much better position to maintain their livestock herds than those who had planted large acreages of corn.

The 1937 AAA conservation program is especially well designed to provide an adequate supply of feeds and forages for livestock production during the years of 1937 and 1938. In the commercial corn areas of the Corn Belt, a corn acreage limit will be provided on the farms which cooperate in this program. This corn limit, in the event of average weather conditions, will not only provide enough corn to take care of the consumption of corn for animal and human needs, but will result in a carry-over of from 350 million to 450 million bushels of corn, or three to four times the normal. On the other hand, in the event that drought conditions recur, the corn limit will help to assure a better balanced feed situation and will minimize the necessity for any drastic liquidation of livestock.

Through the corn limit the program encourages cooperating farmers to grow an acreage of early maturing small grains such as barley and oats which will be needed during the summer to substitute for the diminished corn supply caused by the 1936 drought. Farmers who adopt this practice will have a better distributed supply of feed throughout 1937. Oats and barley may also be used as a nurse crop for clovers and grasses which are badly needed to replace those killed out by the 1936 drought. As all farmers know, the growing of corn usually means the postponing of returning the land to grasses and clovers at least another crop year. Therefore such diversion of corn acreage to oats and barley as is provided for in the 1937 program is definitely in the interest of the farmer, the consumer, and the soil.

I know there is some concern among poultrymen and dairymen, particularly in the East, that the AAA program will prove detrimental to them. But specialized poultrymen prosper most when the supply and price of feed are stabilized. Surplus supplies and extremely low prices of feed, really harm the commercial poultrymen, by driving middle-western farmers into competition with them and paving the way for reduced feed production and extremely high prices of feed later. Oftentimes they are caught with these high feed prices just when poultry and egg production reaches a peak and poultry and egg prices fall.

Similar considerations apply to the dairy farmers, although of course the dairy cycle is longer than that for poultry.

If there had been an ever-normal granary full of grain last year, the drought of 1936 would not have brought about the scarcity of feed supplies which is being so severely felt by poultrymen, dairymen, and livestock producers generally.

Now, you may ask, in view of the stabilizing effect of the present program, why do we need an ever-normal granary plan? The reason is that the conservation program is capable of bringing stabilization only up to a certain point. In spite of this program, extremely favorable or extremely unfavorable weather brings fluctuations in supply and price of some farm products. We need to supplement this program with an ever-normal granary to provide for the storage of crops that can be stored, for use in years of adverse weather. This will make it possible for us to take advantage of our production in good years and hold the excess supplies for use in years when yields are short. As I have said before, when the bins and granaries are full, we should then provide for storage in the soil. In the interests of farmers and consumers and the general public, we need to devise machinery that will safeguard supplies in the event of unfavorable weather and prevent price collapse in the event the weather is favorable.

Should normal weather return this year, the storage of the 350 to 450 million bushels of carry-over corn on the farms through an ever-normal granary program would be an application of the principle of stabilization in such a season.

Farmers have an opportunity, through the AAA conservation program, to bring about a more stabilized production of livestock in 1937 and 1938. This will help to safeguard the interests of both producers and consumers against weather extremes, while proposals for the ever-normal granary are being discussed and preparations made to place it in effect.